

FEB 1952 51-4AA

CENTRAL INTELLIGENCE AGENCY

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**INFORMATION REPORT**

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COUNTRY China

DATE DISTR. 27 October 1952

SUBJECT Chinese Communist Government Financial System

NO. OF PAGES 1

DATE OF  
INFO.
 25X1
NO. OF ENCLS. 5  
(LISTED BELOW)PLACE  
ACQUIRED
 25X1
SUPPLEMENT TO  
REPORT NO.

25X1

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1. Since the occupation of the mainland the Chinese Communists have adopted a system of finance for the concentration of power in the central government.
2. The financial administration system is arranged so that the Ministry of Finance, through the various levels of the government down to the village level, controls receipts and payments; see Attachment A. The revenue system is shown in Attachments B and D<sup>1</sup>; the system of expenditures is shown in Attachments C and E, of which E is for budgeted expenditures.
3. In order to prevent any areas from being isolated financially, should the Korean war spread to the China mainland, on 29 March 1951 the authorities revised the system so as to enable governments in localities to do as circumstances require. Since then there have been only minor changes in the system.
4. One phase of the system permits the apportionment of some of the revenue between the central government and the governments of the areas, provinces, municipalities, special districts, and hsien. A number of important taxes; such as, the national commodity tax and the regional stamp tax, are subject to apportionment. Apportionment does not follow all-including regulations but is decided after considering conditions which exist in each locality. See Attachment D<sup>1</sup>. There has been a general rise in sur-taxes in cities and other smaller areas.
5. Government revenue and its expenditure is collected and disbursed through committees, bureaus divisions and offices of finance of the Government and of the Areas, Provinces, Municipalities, District Commissioners Offices, Hsien, Cities, and Villages under it.
6. Attachment E shows the system for budgeting expenditures.

1.  Comment. Attachment D seems to show how revenue is divided between the central and subordinate governments.

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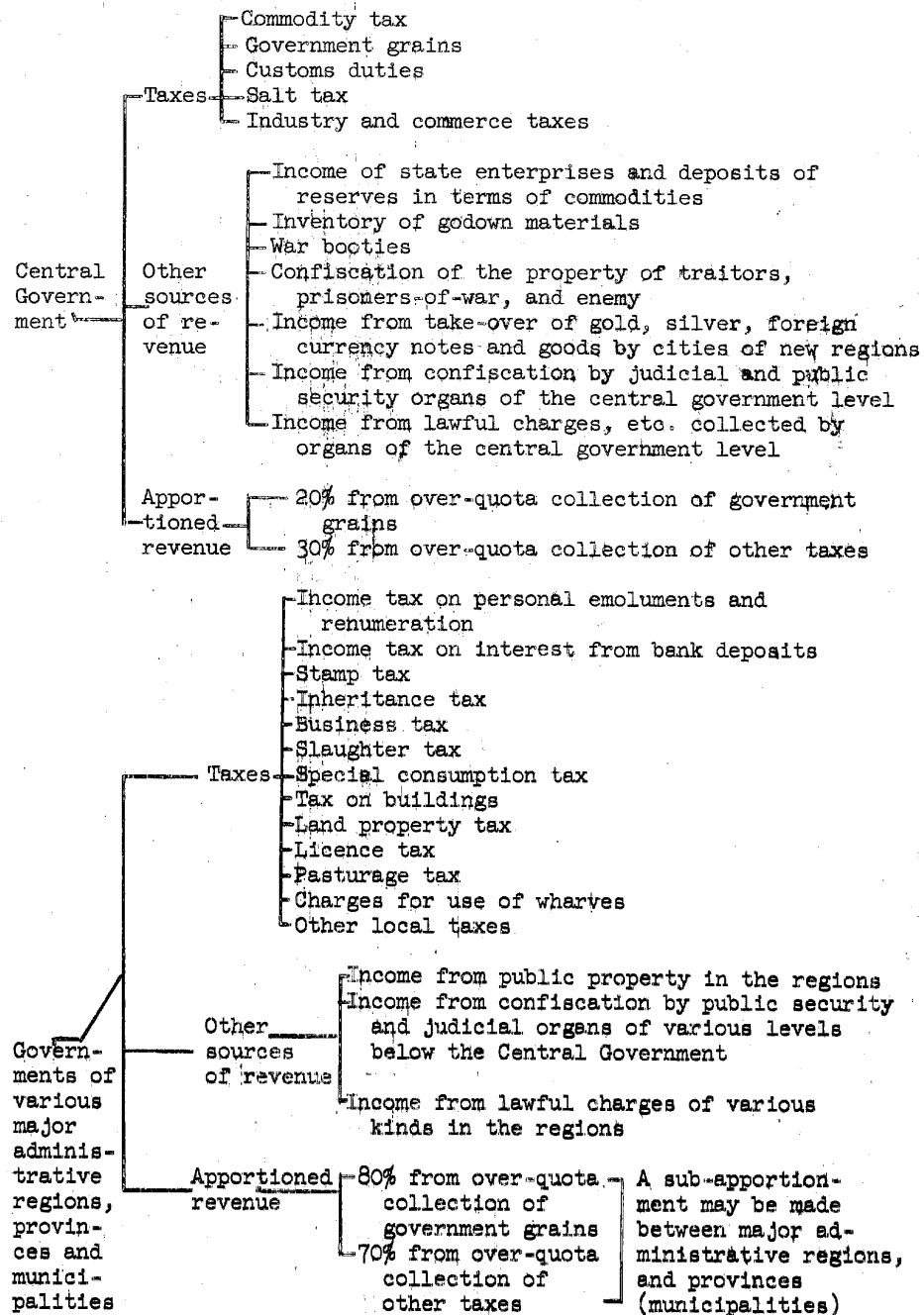
## Financial Administrative System of The Chinese Communist Government



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## ATTACHMENT B

## Collection of Revenue



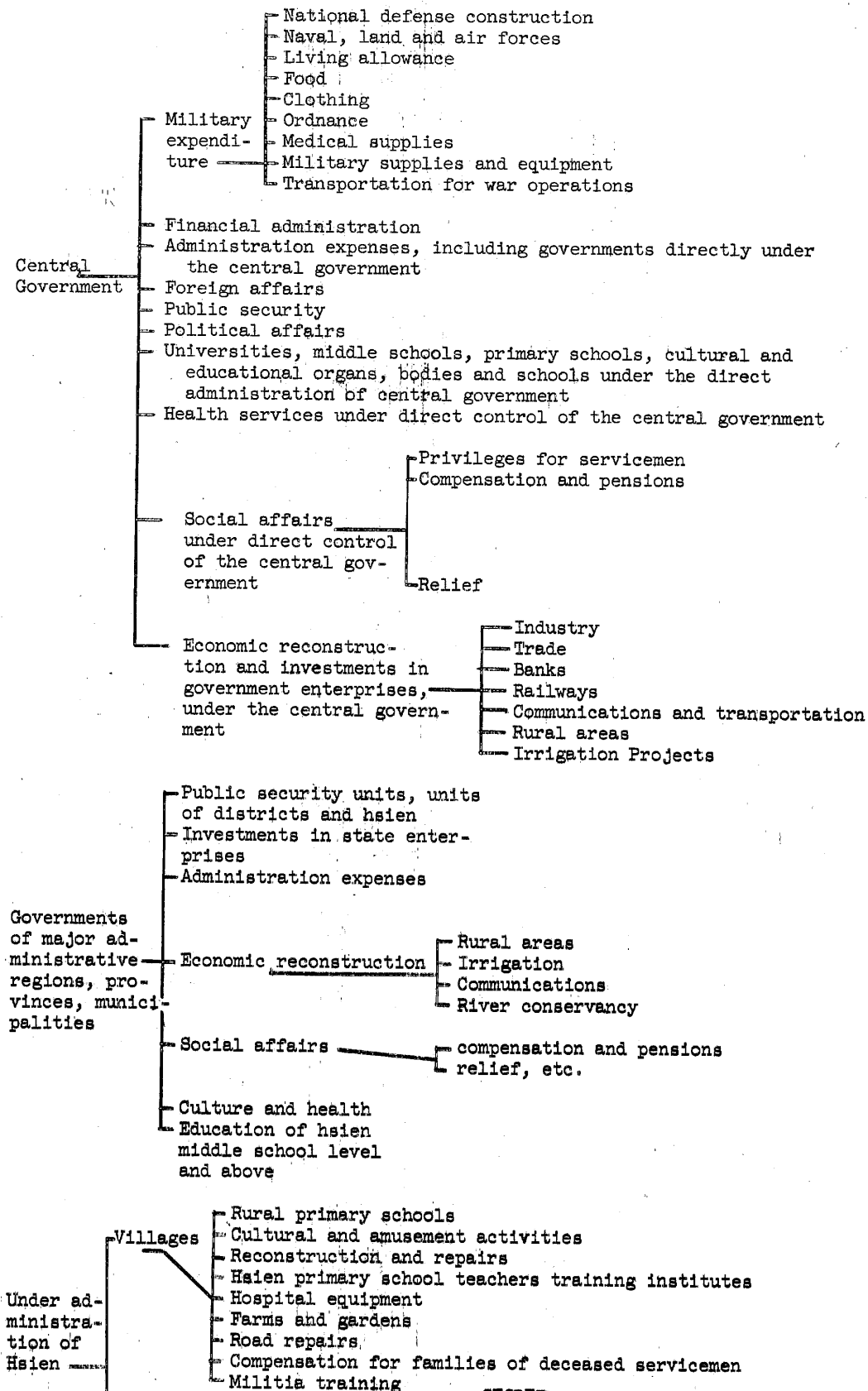
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## ATTACHMENT C

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## E x p e n d i t u r e



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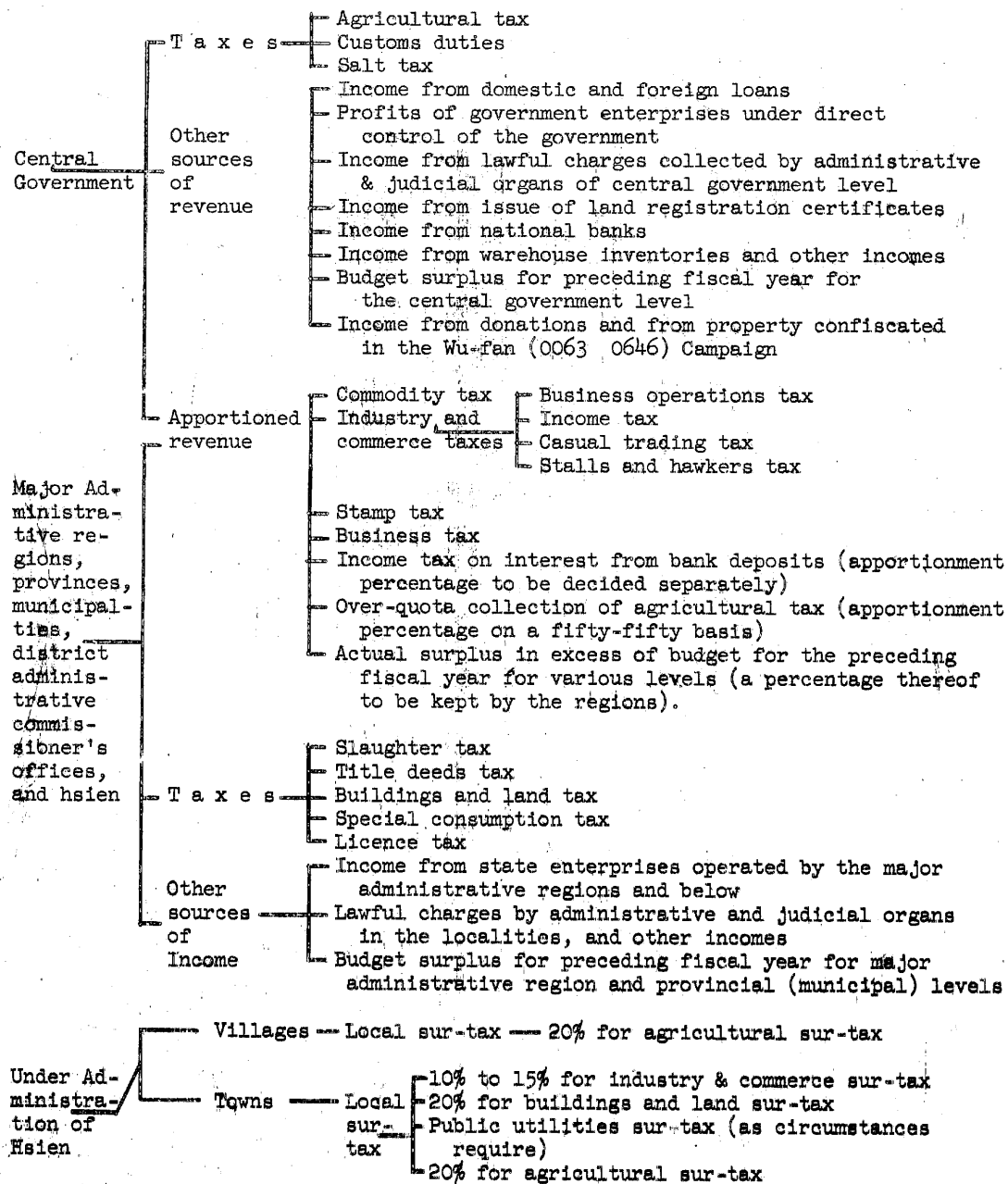
ATTACHMENT C

towns { Town administration development  
Education, culture and health in primary schools  
administration and education for the suburbs

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## ATTACHMENT D

Revenue<sup>1</sup>

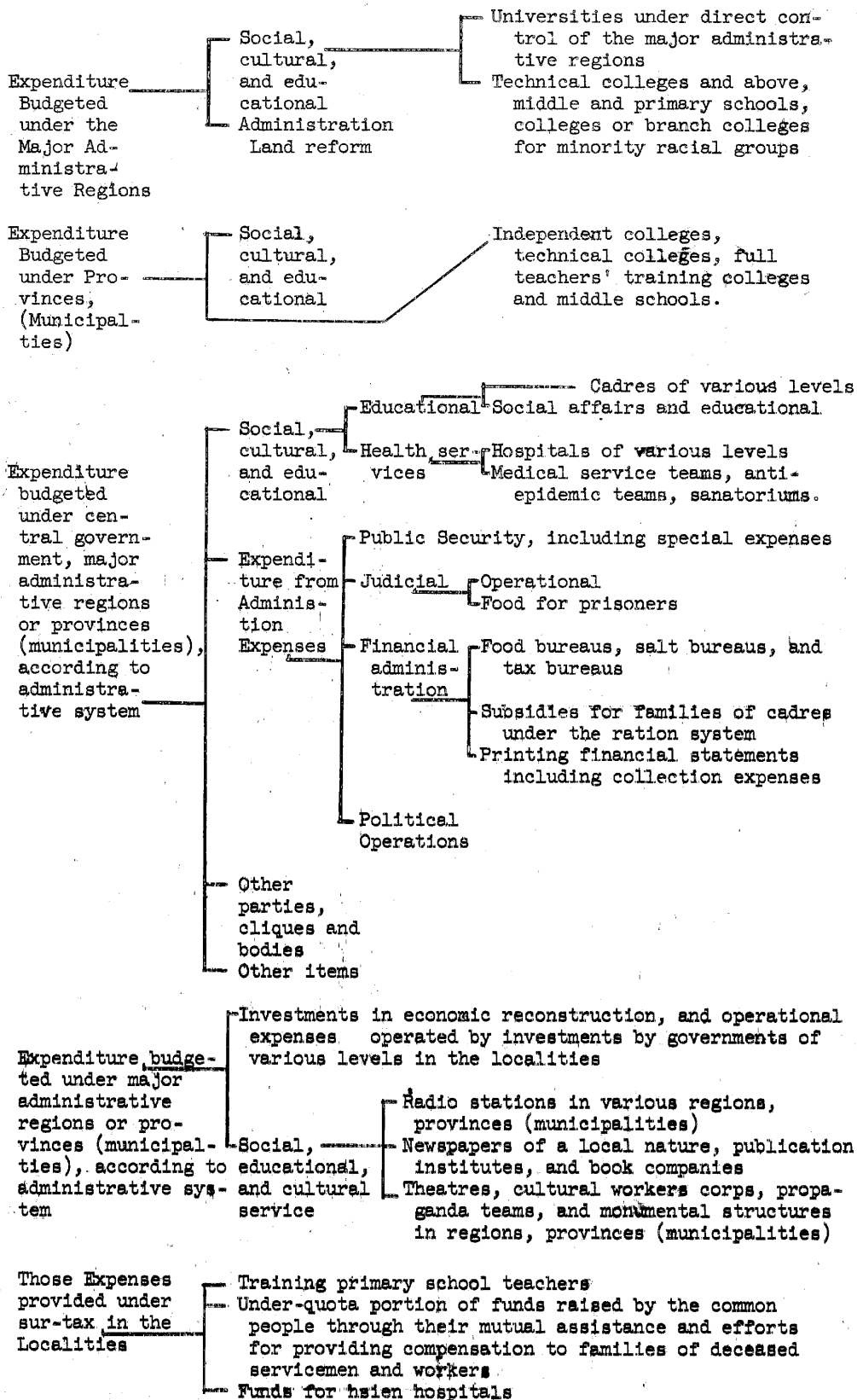
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## ATTACHMENT E

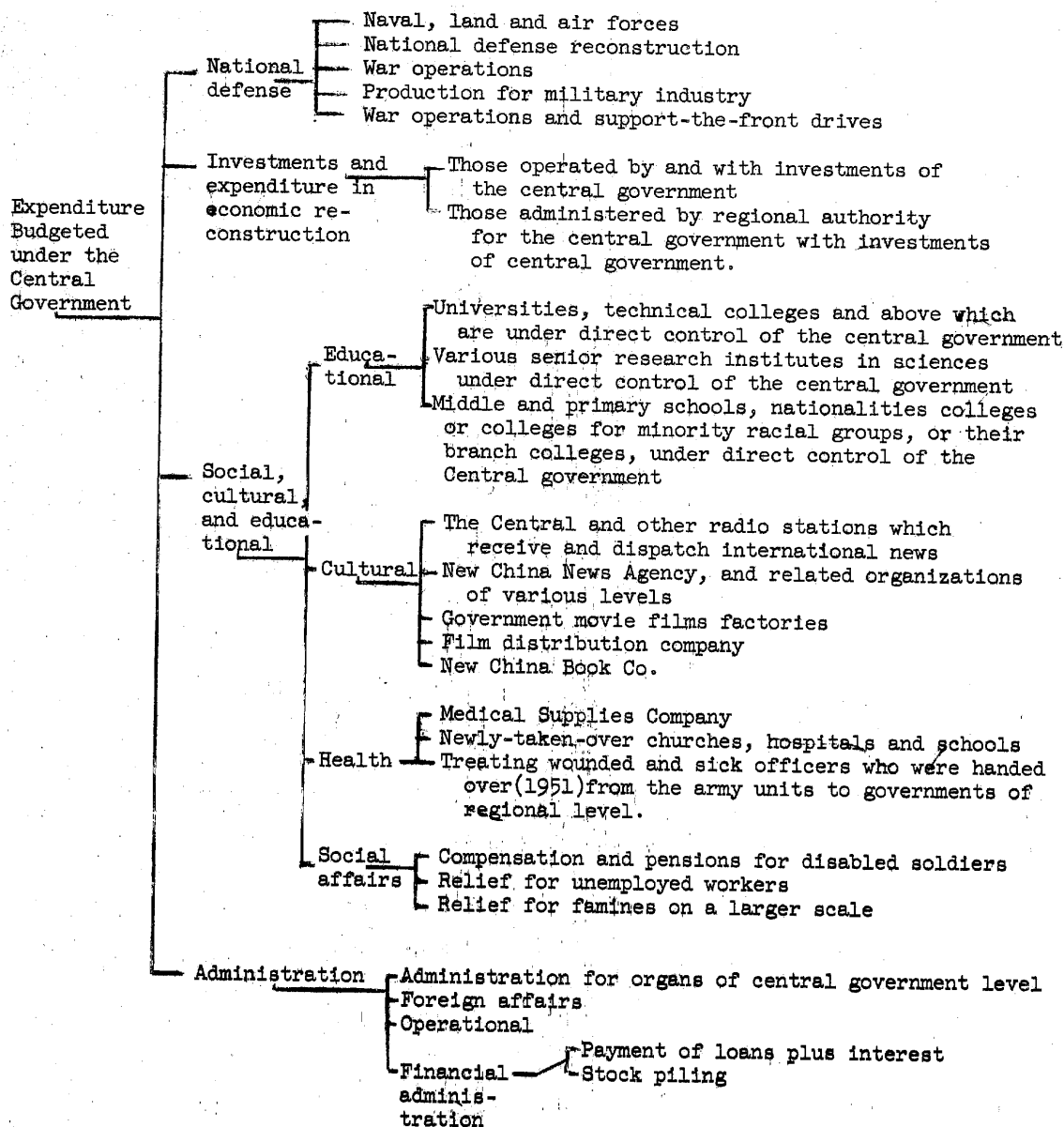
## System for Budgeting Expenditures



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## ATTACHMENT E

## Expenditures



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